



**CARLSBERG**  
MANAGEMENT COMPANY

6171 WEST CENTURY BOULEVARD, SUITE 100  
LOS ANGELES, CALIFORNIA 90045  
POST OFFICE BOX 92006  
LOS ANGELES, CALIFORNIA 90009-2006  
310 258-9000 FAX: 310 258-9009

REC'D TN  
REGULATORY AUTH.

'99 JUL 30 PM 3 28

OFFICE OF THE  
EXECUTIVE SECRETARY

July 29, 1999

*Via Federal Express*

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**Re: Hickory Star Water Company, LLC  
Docket #99-00485**

Dear Mr. Waddell:

You will find enclosed 13 copies of this letter and enclosures in response to Butch Phillips' letter of July 16, 1999.

Request No. 1. Provide documentation of how the proposed tariff rates were calculated for the customers of the Hickory Star Water Company.

Response: The proposed tariff rates were calculated using the same formula as that used by the City of Maynardville. A copy of the current water tariffs for the City of Maynadville is enclosed at Request No. 3. The rates were then adjusted upward to provide sufficient income to pay for the employees and equipment to maintain the water system including underground pipes, water meters and septic tanks. The total estimated profit for the water company for the five years is \$29,766 or \$5,953 average per year. This profit will be used for reserves and is equal to 4% of the capitalization of the water company. We tried to keep the water bill to our customers as low as possible.

Request No. 2. Provide the TRA with a copy of any new franchise agreement that we have with any governing bodies.

Response: The only agreement that we have is with the City of Maynardville. A copy of that agreement was included as Exhibit 6 in the Application.

David Waddell  
July 29, 1999  
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Request No. 3. Submit a photocopy of the current water tariff rates for the City of Maynardville, Tennessee.

Response: See Enclosed

Request No. 4. Provide the tariff rates used by the Hickory Star Marina to charge its current customers for water service.

Response: See Enclosed

Request No. 5. The filing indicates that the company will have payroll expense of \$12,000, \$12,000, \$12,500, \$20,000 and \$20,000 for years 2000 through 2004, respectively. Provide the breakdown of salary expense for these periods. Also indicate the employees that will be physically operating the utility.

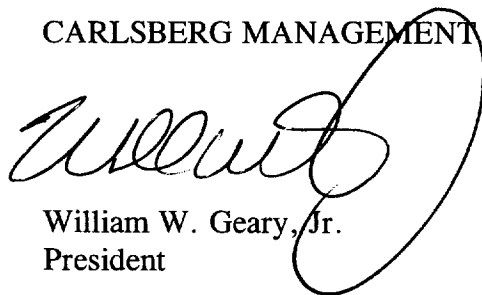
Response: The salaries were estimated and included the costs for maintenance and administrative personnel to repair water leaks, install water meters, install new water lines, read meters, prepare bills, collect bills, prepare the accounting information and meet with the customers. The following people are now engaged:

Mike Churchill  
Sara Churchill  
J.D. Shope  
John E. Amburn (WT3-Certificate)

Please feel free to call me if you need any further information.

Sincerely yours,

CARLSBERG MANAGEMENT COMPANY



William W. Geary, Jr.  
President

WWG/cs  
Enclosures

cc: Ming-Chu C. Rouse, Esq. (w/encls.) - Via Fax  
Jerry Cockrell (w/encls.)

*City of*  
**MAYNARDVILLE**

P.O. Box 217 • Maynardville, TN 37807-0217  
Phone (423) 992-3821 • Fax (423) 992-6456

**Inside City**

Min. 2000	gallons	\$ 8.75
Next 8000	gallons	3.20/1000
Next 10,000	gallons	3.00/1000
Next 30,000	gallons	2.70/1000
All over 50,000	gallons	2.50/1000

**Outside City**

Min 2000	gallons	\$12.25
Next 8000	gallons	4.55/1000
Next 10,000	gallons	4.25/1000
Next 30,000	gallons	3.80/1000
All over 50,000	gallons	3.50/1000

All Wastewater rates are 100 per cent of the inside city rate structure:

Respectfully,

  
Hazel Gillenwater

**Hickory Star Water Co. L.L.C.  
1356 Hickory Star Rd.  
Maynardville, TN. 37807**

January 1, 1999

The following rate structure is effective till future notice.

**Water Rates:**

Monthly	\$20.00*
Six Month	\$120.00*
Annual	\$240.00*

\*above rates are subject to state tax @ 6% + local tax @ 2.25%